

Hearing Date: September 14, 2022, at 2:00 p.m. (prevailing Eastern Time)
Objection Deadline: September 12, 2022, at 4:00 p.m. (prevailing Eastern Time)

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*Proposed Counsel to the Debtors and
Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

CELSIUS NETWORK LLC, *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 22-10964 (MG)
)
) (Jointly Administered)
)

**NOTICE OF HEARING ON DEBTORS' MOTION
FOR ENTRY OF AN ORDER (I) AUTHORIZING DEBTORS
TO SERVE PARTIES BY E-MAIL AND (II) GRANTING RELATED RELIEF**

PLEASE TAKE NOTICE that a hearing on the *Debtors' Motion For Entry of an Order (I) Authorizing Debtors to Serve Parties by E-Mail and (II) Granting Related Relief* (the "Motion") will be held on **September 14, 2022, at 2:00 p.m., prevailing Eastern Time** (the "Hearing"). In accordance with General Order M-543 dated March 20, 2020, the Hearing will be conducted remotely using Zoom for Government. Parties wishing to appear at the Hearing, whether making a "live" or "listen only" appearance before the Court, need to make an electronic appearance through the Court's website at <https://ecf.nysb.uscourts.gov/cgi-bin/nysbAppearances.pl>.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 121 River Street, PH05, Hoboken, New Jersey 07030.

PLEASE TAKE FURTHER NOTICE that any responses or objections to the relief requested in the Motion shall: (a) be in writing; (b) conform to the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules for the Southern District of New York, and all General Orders applicable to chapter 11 cases in the United States Bankruptcy Court for the Southern District of New York; (c) be filed electronically with the Court on the docket of *In re Celsius Network LLC*, No. 22-10964 (MG) by registered users of the Court's electronic filing system and in accordance with all General Orders applicable to chapter 11 cases in the United States Bankruptcy Court for the Southern District of New York (which are available on the Court's website at <http://www.nysb.uscourts.gov>); and (d) be served so as to be actually received by **September 12, 2022, at 4:00 p.m., prevailing Eastern Time**, by (i) the entities on the Master Service List available on the case website of the above-captioned debtors and debtors in possession (the "Debtors") at <https://cases.stretto.com/celsius> and (ii) any person or entity with a particularized interest in the subject matter of the Motion.

PLEASE TAKE FURTHER NOTICE that only those responses or objections that are timely filed, served, and received will be considered at the Hearing. Failure to file a timely objection may result in entry of a final order granting the Motion as requested by the Debtors.

PLEASE TAKE FURTHER NOTICE that copies of the Motion and other pleadings filed in these chapter 11 cases may be obtained free of charge by visiting the website of Stretto at <https://cases.stretto.com/celsius>. You may also obtain copies of the Motion and other pleadings filed in these chapter 11 cases by visiting the Court's website at <http://www.nysb.uscourts.gov> in accordance with the procedures and fees set forth therein.

New York, New York
Dated: August 30, 2022

/s/ Joshua A. Sussberg

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

CELSIUS NETWORK LLC, *et al.*,¹

Debtors.

)
) Chapter 11
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) Case No. 22-10964 (MG)
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) (Jointly Administered)
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**DEBTORS' MOTION FOR ENTRY OF
AN ORDER (I) AUTHORIZING DEBTORS TO SERVE
PARTIES BY E-MAIL AND (II) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (collectively, the "Debtors") respectfully state the following in support of this motion (this "Motion"):

Relief Requested

1. By this Motion, the Debtors request entry of an order, substantially in the form attached hereto as **Exhibit A** (the "Order"), authorizing the Debtors (a) to serve creditors by e-mail and through Celsius' secure web or mobile application in addition to physical mail (as applicable) and (b) granting related relief.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 121 River Street, PH05, Hoboken, New Jersey 07030.

Jurisdiction, Venue, and Statutory Bases

2. The United States Bankruptcy Court for the Southern District of New York (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the Southern District of New York, entered February 1, 2012. The Debtors confirm their consent to the Court entering a final order in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The statutory bases for the relief requested herein are sections 105(a) and 521 of title 11 of the United States Code (the “Bankruptcy Code”) and rules 2002(g), 2002(m), and 9007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

Background

5. The Debtors, together with their non-Debtor affiliates (collectively, “Celsius”), are one of the largest and most sophisticated cryptocurrency-based finance platforms in the world and provide financial services to institutional, corporate, and retail clients across more than 100 countries. Celsius was created in 2017 to be one of the first cryptocurrency platforms to which users could transfer their crypto assets and (a) earn rewards on crypto assets and/or (b) take loans using those transferred crypto assets as collateral. Headquartered in Hoboken, New Jersey, Celsius has more than 1.7 million registered users and approximately 300,000 active users with account balances greater than \$100.

6. On July 13, 2022 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. A detailed description of the facts and circumstances of these chapter 11 cases is set forth in the *Declaration of Alex Mashinsky*,

Chief Executive Officer of Celsius Network LLC, in Support of Chapter 11 Petitions and First Day Motions (the “Mashinsky Declaration”) and the *Declaration of Robert Campagna, Managing Director of Alvarez & Marsal North America, LLC, in Support of Chapter 11 Petitions and First Day Motions* (the “Campagna Declaration”).² As described in more detail in the Mashinsky Declaration, the Debtors commenced these chapter 11 cases to provide Celsius an opportunity to stabilize its business and consummate a comprehensive restructuring transaction that maximizes value for stakeholders.

7. The Debtors are operating their business and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. These chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Bankruptcy Rule 1015(b) [Docket No. 53]. On July 27, 2022, the United States Trustee for the Southern District of New York (the “U.S. Trustee”) appointed an official committee of unsecured creditors [Docket No. 241] (the “Committee”). On August 18, 2022, the U.S. Trustee filed a motion for the appointment of an examiner [Docket No. 546], which is currently set for hearing on September 1, 2022. No request for the appointment of a trustee has been made in these chapter 11 cases.

Basis for Relief

8. Bankruptcy Rule 2002(g)(2) provides that, for any creditor that has not filed a request designating a mailing address, a debtor must provide notices by mail to the address shown on the list of creditors or schedule of liabilities, whichever is later. Since “mail” is defined as first class with postage prepaid, the default rule under the Bankruptcy Rules is provision of notice by

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Mashinsky Declaration or the Campagna Declaration (together, the “First Day Declarations”), as applicable.

physical mail. *See* Fed. R. Bankr. P. 9001(8). At the same time, the Bankruptcy Rules provide latitude to bankruptcy courts in craft noticing strategies adaptable to the facts of the case. *See, e.g.,* Fed. R. Bankr. P. 2002(m) (“The court may from time to time enter orders designating the matters in respect to which, the entity to whom, and the form and manner in which notices shall be sent except as otherwise provided by these rules.”); Fed. R. Bankr. P. 9007 (“When notice is given under these rules, the court shall designate, if not otherwise specified herein, the time within which, the entities to whom, and the form and manner in which the notice shall be given.”). Moreover, the Debtors are currently required to file their Schedules and Statements³ and provide notice to creditors on September 12, 2022.⁴ 11 U.S.C. § 521(a)(1)(B).

9. The Debtors have over 300,000 creditors, most of whom are the Debtors’ clients and customers. The Debtors have approximately 1.7 million registered users, many of whom require notice in these chapter 11 cases. Crucially, the Debtors operate an online cryptocurrency platform where all of the Debtors’ retail customers interact with the Debtors via e-mail or the Celsius web or mobile application. The Debtors do not require physical addresses for a customer to utilize company services. The Debtors mainly contact their other creditors, primarily institutional borrowers and lenders, via the Celsius website, mobile application, or e-mail. For those few creditors for whom the Debtors do have a physical address on file, the Debtors do not believe such addresses are reliable because customers are only required to provide proof of address when they open certain accounts or make certain major changes to those accounts and accordingly, such addresses may not be current.

³ “Schedules and Statements” has the meaning set forth in the *Debtors’ Motion Seeking Entry of an Order (I) Extending Time To File Schedules of Assets and Liabilities, Schedules of Current Income and Expenditures, Schedules of Executory Contracts and Unexpired Leases, and Statements of Financial Affairs, (II) Extending Time to File Rule 2015.3 Financial Reports and (III) Granting Related Relief* [Docket No. 8].

⁴ The Debtors are seeking a further extension of the deadline to file the Schedules and Statements through and including September 16, 2022.

10. For the avoidance of doubt, where the Debtors do have a physical address on file for a customer or creditor, they will continue to serve such parties at that address as well as through the Celsius website, mobile application, or e-mail. As a result, filing the Schedules and Statements and providing notice to individual customers will be considerably more effective if the relief requested in this Motion is granted. Bankruptcy courts may utilize equitable powers to achieve optimum noticing strategies and preserve assets of the bankruptcy estate. *See* 11 U.S.C. § 105(a); Fed. R. Bankr. P. 2002(m); Fed. R. Bankr. P. 9007; *see also In re Savage*, 167 B.R. 22, 26 (Bankr. S.D.N.Y. 1994) (holding a bankruptcy court has a general power to regulate notice under the Bankruptcy Rules).

11. It would be administratively burdensome and prohibitively expensive for the Debtors to contact all of their customers and other creditors to obtain updated physical mailing addresses. The only method of contact the Debtors have with the vast majority of their creditors is by email or through the Celsius web or mobile application. Procuring accurate physical mailing addresses for at least 300,000 customers would be prohibitively expensive and a waste of estate resources. Doing so would contravene the Debtors' duty to maximize the value of their estates and would provide little to no noticing benefit.

12. Accordingly, the Debtors request authority from the Court to serve creditors by e-mail and through the Celsius secure web or mobile application in addition to physical mail (as applicable). Not only is this likely the most efficient manner by which service of all interested parties can be completed, it is also the most reliable and likely to engender creditor responses.

Notice

13. The Debtors will provide notice of this Motion to the following parties or their respective counsel: (a) the U.S. Trustee; (b) counsel to the Committee; (c) the United States Attorney's Office for the Southern District of New York; (d) the Internal Revenue Service; (e) the

offices of the attorneys general in the states in which the Debtors operate; (f) the Securities and Exchange Commission; and (g) any party that has requested notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, no other or further notice need be given.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors request that the Court enter the Order granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

New York, New York
Dated: August 30, 2022

/s/ Joshua A. Sussberg

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*Proposed Counsel to the Debtors and
Debtors in Possession*

Exhibit A

Proposed Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

CELSIUS NETWORK LLC, *et al.*,¹

Debtors.

)
) Chapter 11
)

) Case No. 22-10964 (MG)
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) (Jointly Administered)
)

**ORDER (I) AUTHORIZING DEBTORS TO SERVE
CERTAIN PARTIES BY E-MAIL AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the debtors and debtors in possession (the “Debtors”), for entry of an order (this “Order”), pursuant to sections 105(a) and 521 of title 11 of the United States Code (the “Bankruptcy Code”) and rules 2002(g), 2002(m), and 9007 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), authorizing the Debtors (a) to service creditors by e-mail and (b) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declarations; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the Southern District of New York, entered February 1, 2012; and this Court having the power to enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of these cases in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and this Court having found

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² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.

that the Debtors' notice of the Motion and opportunity for a hearing thereon were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the "Hearing"); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. Notwithstanding anything to the contrary in the *Order (I) Authorizing and Approving the Appointment of Stretto, Inc. As Claims and Noticing Agent and (II) Granting Related Relief* [Docket No. 54], or any Local Rules or Bankruptcy Rules, the Claims Agent is authorized to provide notices, including any proofs of claim notices, to customers by e-mail and through the Celsius web or mobile application in addition to physical mail (as applicable).

2. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order.

3. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and/or enforcement of this Order.

New York, New York
Dated: _____, 2022

THE HONORABLE MARTIN GLENN
CHIEF UNITED STATES BANKRUPTCY JUDGE